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INDUSTRY CIRCULAR

OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE
ALCOHOL AND TOBACCO TAX DIVISION



WASHINGTON 25, D. C.

Industry Circular No. 61-16

May 4, 1961

**UNLAWFUL REPRESENTATION OF STILL WINE AS EFFERVESCENT
WINE OR AS SUBSTITUTE FOR EFFERVESCENT WINE.**

Proprietors of Bonded Wine Cellars,
Taxpaid Wine Bottling Houses, Importers
of Wine, Wholesalers of Wine, and others
concerned:

Purpose. The purpose of this Circular is to inform dealers in wines of the penalties provided by law for packaging, labeling or advertising still wines as being effervescent or effervescent wine substitutes. Since there have been some instances, of late, where the labeling, packaging, and advertising of certain still wines has been subject to question, it is believed advisable for this reason, to inform all bottlers, importers, and wholesale distributors of wine of these legal requirements.

Background. Section 5662 of the Internal Revenue Code, provides, in part:

"Any person who * * * *, directly or indirectly, and whether by manner of packaging or advertising or any other form of representation, represents any still wine to be an effervescent wine or a substitute for an effervescent wine, shall be fined not more than \$1,000, or imprisoned not more than 1 year, or both, for each such offense."

Conclusion. Since this is a Federal law relating to wine, and since basic permits issued under the provisions of the Federal Alcohol Administration Act are conditioned upon compliance with all "Federal laws relating to distilled spirits, wine, and malt beverages, including taxes with respect thereto," (27 U. S. C. 204(d)), any violation of this provision of the Internal Revenue Code may also result in the suspension or revocation of the violator's Federal basic permit to engage in business.

A typical example of the form of packaging held to violate the provisions of law, above cited, is the use of a champagne shape bottle and closure of the "agraffe" type (or wired-down cork) or the kind of shoulder and neck wrappings customarily employed on sparkling wines for the packaging of still wine even though the designation on the label may be proper for a still wine.

It is to the interest of all permittees to make certain, as to still wines bottled, imported, or distributed by them, that the packaging or advertising of such wines is not in conflict with the cited provisions of the Internal Revenue Code.

Inquiries. Correspondence in regard to this Industry Circular should refer to its number and be addressed to the Director, Alcohol and Tobacco Tax (O:AT:B), Washington 25, D. C.

A handwritten signature in dark ink, appearing to read "Harold A. Serr". The signature is fluid and cursive, with the first name "Harold" being more prominent and the last name "Serr" following in a similar style.

Harold A. Serr
Acting Director, Alcohol and Tobacco Tax Division